

To the Members of the California State Senate:

I am returning SB 742 without my signature.

This bill would relieve the City of Eureka of a statutory obligation requiring it to remit 15 percent of the total revenue that the city generates through its management of specified tideland areas to the State. These annual remittances are required as a condition of a grant of \$750,000 that the city received from Tidelands Oil Revenue Account in 1978.

Since statehood, certain tide and submerged lands have been transferred to local jurisdictions for public trust uses of statewide benefit. Each local jurisdiction's implementing statute or agreement has various terms and conditions that guide the transfer of these lands. The California State Lands Commission, having the State's remaining jurisdiction and authority, exercises oversight responsibilities over these lands and is responsible for assuring that these trustees comply with their respective granting statutes and the legal requirements under the Public Trust Doctrine.

This bill is contrary to the original agreement memorialized in Chapter 1095, Statutes of 1978, which specified that the grant was contingent upon Eureka's agreement to make an annual remittance to the State in perpetuity. Given the State's present fiscal condition, I do not believe this revenue reduction is prudent at this time.

Sincerely,

Arnold Schwarzenegger